

NATIVE VILLAGE OF CHENEGA BULK FUEL FACILITY



MONITORING PLAN AND RECOMMENDATIONS

Prepared for:
THE ALASKA ENERGY AUTHORITY (AEA)

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Prepared by:

AURORA CONSULTING
880 H Street, Suite 105
Anchorage, AK 99501
Phone: (907) 245-9245
Fax: (907) 245-9244
EMAIL: us@auroraconsulting.org



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OVERVIEW

This Monitoring Plan and Recommendations was completed under contract to the Alaska Energy Authority as a follow-up to a Bulk Fuel Upgrade project in Chenega Bay, Alaska that constructed a new bulk fuel storage facility with two diesel storage tanks, one gasoline storage tank, fuel fill pipelines, a diesel fuel transfer containment area, and a gasoline retail dispenser. A component of the upgrade project was the development of a Business Operating Plan, which provided a guideline for the Native Village of Chenega's maintenance and operation and sustainability of the Bulk Fuel Upgrade (the "Facility"). The Native Village of Chenega (the "Primary Operator") is responsible to operate and sustain the newly installed Facility according to the criteria and guidelines outlined in the Business Operating Plan.

Facility Participant

The Facility participant is:

Native Village of Chanega (a/k/a Chenega)

Primary Contact Name: *Pete Kompkoff, Tribal Administrator*

Phone: (907) 573-5132 Fax: (907) 573-5120

Address: Native Village of Chanega (a/ka/ Chenega)

P.O. Box 8079, Chenega Bay, AK 99574

Usage: The Council will utilize its facility assets to operate its utilities and to retail fuel.

Facility Components & Capacity

The following table provides a summary of the tankage, by type of fuel, that is included in the Facility upgrade:

Primary Storage/Dispensing	Number	Gallons Per Tank (Net)	Total Gallons (Net)
Diesel			
Primary Storage	2	10,800	21,600
Subtotal Diesel	2		21,600
Gasoline			
Dispensing	1	4,500	4,500
Subtotal Gasoline	1		4,500
Total Primary Storage/Dispensing	3		26,100
Pipeline/Components	Number		
Filler Pipelines	2		
Truck Fill Area	1		
Gasoline retail dispenser	1		

Community Information

The village of Chenega Bay is located on Evans Island at Crab Bay, 42 miles southeast of Whittier in Prince William Sound. The 1964 earthquake destroyed the village and over half of all the residents perished by tsunamis in the Sound. The village was reestablished 20 years later on Evans Island.

Transportation to the village is by air or water year-round. Chenega Bay has a small boat harbor and dock with a float plane landing area. A 3,000' gravel runway is available for wheel plane landings. Charter flights depart from Anchorage, Cordova, Seward and Valdez.

The population of Chenega Bay, predominantly Alutiiq, practices a subsistence and commercial fishing lifestyle. All 27 households and facilities have piped water and sewer systems. Water is derived from a surface water collection system with a dam, treatment, and storage capacity of 50,000 gallons. Sewage is piped to a 10,000-gallon community septic tank. Refuse collection services are provided by the Council and an oil and hazardous waste recycling center was completed in 1998.

The Council provides most utility services; it operates the health clinic, water utility, sewer utility, and electric utility. The Council operates the electric utility as an enterprise activity.

Selected demographic and historical data for the community is provided below:

Selected Statistics – Chenega Bay

Population (2000 Census Except as Noted)	
2005 (State Demographer Estimate)	82
2000	86
1990	94
1980	0
1970	0
1960	0
1950	0
Housing (2000 Data)	
Occupied Housing	22
Vacant Housing Due to Seasonal Use	2
Other Vacant Housing	3
Economic Data (2000 Data)	
Unemployment Rate	14.8%
Median Household Income	\$53,750

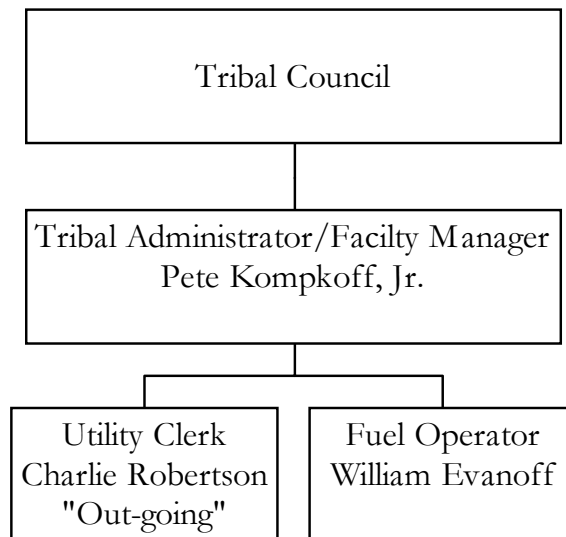
Native Village of Chenega

The Native Village of Chenega (a/k/a Chenega) has successfully administered and operated a wide variety of environmental, social, construction and other economic development projects. The Chenega Bay Bulk Fuel Facility is owned and operated by the Native Village of Chenega's Section 17 Corporation, also known as the Native Village of Chenega (a/k/a Chenega), which is federal corporation chartered under the IRA of June 18, 1934, as amended by the Act of May 1, 1936. The corporation is managed by the Native Village Council, whose members are the same as the corporation's.

The Native Village of Chenega (a/k/a Chenega) has established a subsidiary business, Chenega Bay Utilities, which manages the following bulk fuel and electric utilities. Currently, community residents and organizations pay for electricity and fuel.

Since the Business Operating Plan, dated March 25, 2002, was finalized, there has been significant staff turnover – including a new tribal administrator, a utility clerk that is transitioning out of the position, and a new bulk fuel operator. The following chart illustrates the staff relationships of the Native Village of Chenega Bulk Fuel Facility:

**NATIVE VILLAGE OF CHENEGA
BULK FUEL FACILITY PROJECT
STAFFING ORGANIZATIONAL CHART**



While, generally, the Native Village of Chenega is successfully operating and maintaining its bulk fuel facility, it has not yet met some of the significant requirements of the Business Operating Plan. Most particularly, the Village has not collected sufficient revenues to fund a R&R account nor is it meeting some of the administrative requirements of the Plan.

Monitoring Site Visit

The Alaska Energy Authority contracted with Aurora Consulting, of Anchorage, Alaska, to conduct a site visit to the Native Village of Chenega Bulk Fuel Facility and to develop a “*Monitoring Plan and Recommendations*”. The scope of the assignment included working with the Village to obtain information on existing management and operational systems, comparing those systems to Business Operating Plan requirements and other “best practices”, making recommendations for changes and/or training, developing on-going monitoring tools, and/or working to cure any deficiencies or defaults experienced by the Village.

Aurora Consulting staff member, Ann Campbell, traveled to Chenega Bay on November 21, 2006 to meet with Village bulk fuel facility management and staff, including:

Contacts	Title
Pete Kompkoff, Jr.	Tribal Administrator/Facility Manager
Charlie Robertson	“Out-going” Utility Clerk/Fuel Operator

Monitoring Plan and Recommendations

The following Monitoring Plan and Recommendations is organized into three sections:

- Management and Operational Skills
- Business Operating Plan Compliance
- Recommendations

Management and operational skills identify those skills and practices that are crucial to the short-term viability of a bulk fuel facility, while Business Operating Plan compliance areas identify those activities that are required by the Denali Commission approved Business Operating Plan.

Management skills include administration, fiscal systems, and collections. Operational skills include the ability to perform maintenance, repair, and operation of the bulk fuel facility. Both skill sets require knowledgeable and trained managers, bookkeepers, and facility operators to manage and operate the Facility on a daily basis. In contrast, the business operating compliance section details the key activities and actions required to be completed by the Facility in order to be in compliance with the terms and conditions of their Business Operating Plan.

Additionally, this report includes major recommendations for continued actions and training, which are detailed in the conclusion section of this report. These recommendations are limited to those actions necessary to meet the deficient management and operational skills or Business Operating Plan compliance areas.

BULK FUEL FACILITY MANAGEMENT/OPERATIONAL SKILLS

Financial Management

(1=Lowest Skill Level 5= Highest Skill Level)

1	2	3	4	5	Financial Management Skill Areas
Annual Budget					
No Budgeting in Place				Develop and utilize budgeting process	
				Staff understanding of budget	
Bookkeeping					
			x		Develop and track facility costs using a Chart of Accounts
		x			Understand and track operation & management (O&M) costs
	x				Understand and track renewal & replacement (R&R) costs
Collection Policy					
				x	Policy in place
			x		Policy implemented
			x		Collections at appropriate level
Business Operating Plan					
x					Policy board has general understanding of Plan and requirements
x					Management has general understanding of Plan and requirements
		x			Staff has general understanding of Plan and requirements
x					Management understands financial assumptions and tables
	x				Staff understands financial assumptions and tables
x					Management capable of annual Plan update
	x				Staff capable of annual Plan update

Comments:

Annual Budget

Currently, although the Native Village of Chenega does utilize budgeting for its Council programs, it is not utilizing a budget process for the bulk fuel facility.

Bookkeeping

The Native Village of Chenega has a Chart of Accounts and tracks overall and programmatic tribal expenses and revenues, including some of the bulk fuel related expenses.

The “out-going” utility clerk, Charlie Robertson, has attended bulk fuel business plan training and other bookkeeping and business-related training. At the time of our visit, the “out-going” utility clerk had reviewed and generally familiarized himself with the Business Operating Plan and associated financial requirements.

The “out-going” utility clerk understands the difference between the O&M and R&R costs that must be tracked by separate accounts, as indicated in the Business Operating Plan. The Village has not yet established separate account codes in the Chart of Accounts for tracking R&R costs. Neither has the Village established an R&R interest-bearing account.

Collections Policy

The Village has a collections policy in place which seems to be working fairly well, since customers are required to prepay for fuel purchases.

Business Operating Plan

The Facility staff was able to locate the Business Operating Plan, however, other than the Bookkeeper there is no general understanding of the Plan's terms and conditions among the Village management. The "out-going" utility clerk is aware of the specific requirements of the Business Operating Plan - including the financial requirements, Denali Commission reporting requirements, and the Secondary Operator Agreement. Based upon conversation with facility staff, we believe the Tribal Council and Administrator have a poor working understanding of the Business Operating Plan and its requirements.

Personnel Management

(1=Lowest Skill Level 5= Highest Skill Level)

1	2	3	4	5	Personnel Management Skill Areas
<i>Job Descriptions</i>					
			x		Job descriptions current for all positions
		x			Staff aware of/understand job descriptions
<i>Staffing</i>					
		x			Staffing adequate to operate & maintain the facility
<i>Training</i>					
	x				Staff has adequate training for job requirements
	x				On-going training in place

Comments:

Job Descriptions

Job descriptions do exist for the Bulk Fuel Facility staff positions; although the current management is generally unfamiliar with the duties of the Bulk Fuel Facility Manager, as outlined in the Business Operating Plan.

Staffing

It appears that the staffing level of the Chenega bulk fuel facility is generally appropriate when all the staff positions are filled. Currently, the facility is experiencing a vacancy in the clerk/operator position.

Training

The current Facility Manager/Tribal Administrator does not have a good working understanding of the Business Operating Plan and has not yet attended the Business Plan Training. Currently, the Native Village of Chenega does not have a pro-active plan for seeking out training opportunities and providing on-going, needed training for staff members, particularly training related to understanding and implementing the Business Operating Plan.

Operations Management

(1=Lowest Skill Level 5= Highest Skill Level)

1	2	3	4	5	Operations Management Skill Areas
<i>General Operations</i>					
		x			Management/staff have general understanding of operation needs
	x				System to schedule tasks for routine maintenance
	x				System to schedule tasks for non-routine maintenance
<i>Inventory Control</i>					
	x				Inventory control system in place
			x		Know what parts to keep in inventory for routine maintenance
<i>Emergency/ Spill Response</i>					
		x			Staff can explain/locate oil spill response plan
x					Written safety policy

Comments:

General Operations

Management and staff expressed that they have a good understanding of operational needs and understand what routine maintenance functions need to occur. There are not yet established systems to schedule routine or non-routine maintenance functions.

Inventory Control

Minimal operational supplies are kept specifically for the Facility. This is in part due to the small scale of the Facility, the newness of the Facility, and the design of the Facility - all of which limit the range and quantity of required parts.

Emergency/ Spill Response

The Facility staff was not able to locate Emergency/Spill Response plans; however, the “out-going” Facility Operator and Facility Manager were familiar with the location of spill response materials and seemed confident of their ability to initiate a response in the event of an incident.

BUSINESS OPERATING PLAN COMPLIANCE

Financial Management

Yes	No	NA	<i>Financial Management Compliance Areas</i>
<i>O&M Account</i>			
x			Accounting established
x			Regular deposits into account
x			Systems in place for \$5,000 authorizations
<i>R&R Account</i>			
	x		Accounting established
	x		Regular deposits into account
	x		Interest-bearing savings account
		x	Resolutions required
		x	2 signatures required
		x	Escrow account established
		x	Resolutions required
		x	2 signatures required
<i>Budgets</i>			
	x		O&M budget
	x		Prior to fiscal year
	x		R&R budget
	x		Prior to fiscal year
<i>Business Plan Updates</i>			
	x		Review assumptions
	x		Update tables
<i>Audits</i>			
	x		Annual audit conducted by qualified, independent auditor
	x		Copy to Denali Commission
<i>Annual Report</i>			
	x		Submitted to Denali Commission timely
	x		Summary of O&M and R&R Projects
	x		Expenditures and account balances
	x		Upcoming O&M and R&R budgets
	x		Updated business plan financial tables
	x		Other information
<i>Insurance</i>			
x			General liability insurance in place
x			Other insurance in place

Comments:

O&M Account

The Native Village of Chenega has not established a separate operating bank account into which the bulk fuel operating funds are deposited. It does have a separate bank account for the Utility funds, which is inclusive of both electric and bulk fuel funds. The Village has established procedures for ensuring that all bulk fuel facility expenses over \$5,000, or not authorized in the budget, must be approved by the governing body.

R&R Account

The Village has not established an interest-bearing savings account for its R&R funds; nor is it collecting sufficient revenue to allow for deposits into the account.

Budgets

The Native Village of Chenega has not yet established on-going budgeting procedures nor has it updated its annual operating or R&R budgets.

Business Plan Updates

The Native Village of Chenega has not updated the Business Operating Plan annually to reflect their current situation.

Audit

The Native Village of Chenega has not had an audit yet that is inclusive of the bulk fuel facility; however, it did have a financial review, conducted by Newhouse & Vogler, in 2005.

Annual Report

The Native Village of Chenega has not yet filed any annual reports with the Denali Commission.

Insurance

Currently, the Native Village of Chenega carries General Liability insurance for the Bulk Fuel Facility with Zurich Insurance company.

Personnel Management

Yes	No	NA	<i>Personnel Management Compliance Areas</i>
<i>Facility Manager</i>			
	x		Manager designated
	x		Changes reported to Denali Commission
<i>Staffing Adequate</i>			
x			Staffing adequate
<i>Training Plan</i>			
	x		Training plan in place

Comments:

Facility Manager

According to the Business Operating Plan, the tribal administrator will be the Facility Manager for the Bulk Fuel Facility in Chenega Bay; however, the current administrator, Pete Kompkoff, is not conversant with the requirements of the Business Operating Plan or the role and responsibilities of the Facility Manager. Additionally, the change in tribal administrators has not yet been reported to the Denali Commission.

Staffing Adequate

As mentioned previously, the current staffing seems to be adequate for the overall operation and maintenance of the facility – but, only if the staff receive training and are aware of the Business Operating Plan requirements.

Training Plan

As mentioned earlier, the facility operator would benefit from participation in the Bulk Fuel Manager's Training as well as, potentially, the new utility clerk/operator.

Operations Management

Yes	No	NA	Operations Management Compliance Areas
<i>Facility Components in Good Working Order</i>			
x			Facility components in good working order
<i>SPCC</i>			
	x		SPCC on-hand
x			SPCC current
<i>Facility Response Plan</i>			
	x		Plan on-hand
x			Plan current
<i>Coast Guard Operations Manual</i>			
	x		Manual on-hand
x			Manual current

Comments:

Facility Components in Good Working Order

In general, the facility components appear to be in good working order. During our site visit, we did not notice any usual issues with the physical facility (see attached photos).

SPCC/Facility Response Plan/Coast Guard Operations Manual

The Native Village has received its copies of the Facility's regulatory plans and its Operations Manual; however, the staff was not able to locate them during our visit.

RECOMMENDATIONS

All of the Village staff made themselves available for a thorough site visit to answer questions and review the Business Operating Plan and Facility operations. The Village staff expressed interest in managing the Facility in a sustainable manner; however, the current tribal administrator/facility manager is generally unfamiliar with the requirements of the Business Operating Plan.

Generally, the facility seems to be operating well and the village is generating sufficient cash flow to fund minimal operating expenses and to purchase fuel. However, the village is not generating sufficient cash to fully fund O&M or to fund the R&R account.

The following outlines the systems and procedures that should be addressed by the Village, areas that technical assistance/training may be warranted, and operational areas requiring follow-up:

Systems and Procedures	ASAP	Within year	On- Going
Develop financial policies & procedures to budget for and to track and record costs	x		
Review pricing procedures to ensure fully funding O&M and funding R&R requirements	x		
Establish R&R bank account		x	
Identify specific training needs and develop a written plan		x	
Technical Assistance			
Update business operating plan and financial assumptions		x	
Prepare and revise budgets		x	
Training			
Business Operating Plan training for administrator	x		
Develop plan for ongoing training		x	
Operations			
Develop system to schedule tasks for routine maintenance		x	
Develop system to schedule tasks for non-routine maintenance			x

TRIP PHOTOS



Chenega Bay.JPG



Chenega Dock.JPG



Chenega Subsistence Bldg.JPG



Chenega Subsistence Bldg2.JPG



Control Panel Diesel Storage 2.JPG



Control Panel Diesel Storage.JPG



Diesel 1 #2.JPG



Diesel Dispenser.JPG



Diesel Fill Lines.JPG



Diesel Fill Signage.JPG



Diesel Fill Signage2.JPG



Diesel Fill.JPG



Diesel Storage Tanks.JPG



Diesel Storage Tanks2.JPG



Diesel Tank 1.JPG



Diesel Tank 2.JPG



Diesel Tank Controls.JPG



Diesel Tank Foundation.JPG



Diesel Tank Foundation2.JPG



Emergency Shutoff Diesel 2.JPG



Emergency Shutoff Diesel Storage.JPG



Fire Extinguisher.JPG



Gas Delivery Truck.JPG



Gas Dispenser Bldg.JPG



Gas Storage Tank.JPG



Gas Tank Catwalk.JPG



Gas Tank Controls.JPG



Gas Tank Controls2.JPG



Gas Tank Controls3.JPG



Gas Tank Foundation.JPG



Gas Tank Pump Shutoff.JPG



Generator Storage Area.JPG



Generator Trailer.JPG



Road to Dock.JPG



Signage Diesel Tank 1.JPG



Signage Diesel Tank 2.JPG



Signage.JPG



Spill Equipment at Dock.JPG



Spill Equipment at Dock2.JPG



Spill Signage.JPG



Storage Facility.JPG



Subsistence Bldg Tank.JPG



Tank 1 Fill Line.JPG



Tank 1 Fuel Port.JPG



Truck Fill Area 2.JPG



Truck Fill Area.JPG



Truck Fill Area3.JPG



Truck Fill Cover.JPG



Truck Fill Diesel Controls.JPG



Truck Fill Spill Equipment.JPG